

S50B01

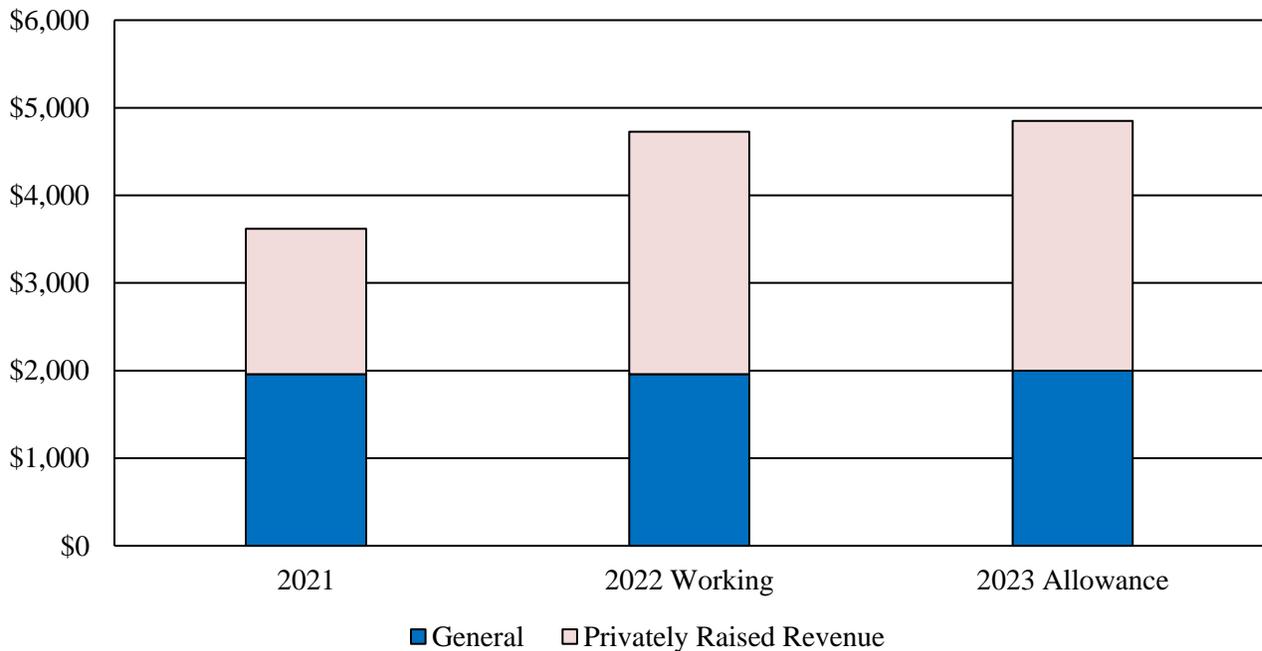
Maryland African American Museum Corporation

Program Description

The Maryland African American Museum Corporation (MAAMC) was created by Chapters 428 and 429 of 1998 to plan, develop, and manage the Reginald F. Lewis Museum of Maryland African American History and Culture in Baltimore City. MAAMC's mission is to be a resource regarding the lives of African American Marylanders by collecting, preserving, interpreting, documenting, and exhibiting contributions that represent their history. The corporation is a public instrumentality and an independent unit of the Executive Branch. A 37-member board of directors manages the corporation's affairs.

Operating Budget Summary

Fiscal 2023 Budget Increases \$123,974, or 2.6%, to \$4.9 Million (\$ in Thousands)



Source: Governor's Fiscal 2023 Budget Books

- The State general fund grant provided to MAAMC increases by \$41,000 to \$2.0 million in fiscal 2023, while privately raised revenue is anticipated to increase by \$83,000. The grant accounts for 41% of the fiscal 2023 allowance.

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Proposed Budget Change

State support for MAAMC is budgeted as a general fund grant. The Governor’s fiscal 2023 allowance for the corporation is \$2.0 million, an increase of \$41,000 over the fiscal 2022 appropriation and the level the past several years. A memorandum of understanding between the museum and the Department of Budget and Management (DBM) includes a provision that the museum will match the State grant with its own earnings, although DBM has waived this requirement for fiscal 2020 through 2022 due to the COVID-19 pandemic. As shown in **Exhibit 1**, the museum did not meet this match in fiscal 2021 for the second straight year, despite a significant increase in revenues from fiscal 2020. Although revenues from admissions and donations continued to decline in fiscal 2021 due to the ongoing pandemic, privately raised revenues were supported by larger unrealized gains on endowments.

Exhibit 1
Maryland African American Museum Corporation Expenditures and Revenues
Fiscal 2019-2023
(\$ in Thousands)

	<u>Actual 2019</u>	<u>Actual 2020</u>	<u>Actual 2021</u>	<u>Appropriation 2022</u>	<u>Allowance 2023</u>	<u>Change 2022-2023</u>
Salaries and Wages	\$1,558	\$1,738	\$1,388	\$2,678	\$2,503	-\$176
Technical and Special Fees	100	85	79	87	86	-2
Fuel and Utilities	243	251	250	260	267	8
Contractual Services	1,042	1,084	1,038	1,321	1,360	40
Other Operating Costs	402	384	210	343	353	10
Total Expenses	\$3,345	\$3,542	\$2,966	\$4,689	\$4,569	-\$120
General Funds	\$1,959	\$1,959	\$1,959	\$1,959	\$2,000	\$41
Privately Raised Revenue	2,037	917	1,659	2,766	2,849	83
Total Revenue	\$3,996	\$2,876	\$3,618	\$4,725	\$4,849	\$124
Change in Net Assets	\$651	-\$666	\$653	\$36	\$280	\$244

Note: Numbers may not sum due to rounding.

Source: Governor’s Fiscal 2021-2023 Budget Books

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The fiscal 2022 budget for MAAMC assumes a 67% increase in privately raised revenue, while the fiscal 2023 allowance assumes a further 3% increase. Based on these estimates, MAAMC is expected to meet the 50% match in both fiscal 2022 and 2023. Currently, MAAMC is behind its revenue target for fiscal 2022 but hopes to catch up in the spring, as the museum's largest fundraiser was postponed from the fall.

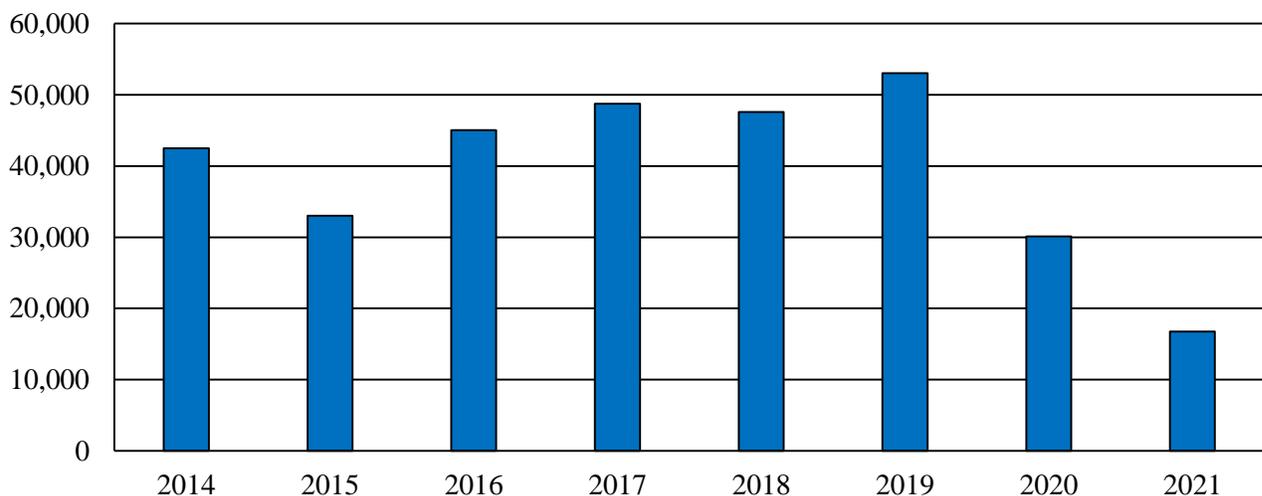
The museum was able to reduce operating expenses in fiscal 2021 by nearly \$577,000, primarily through reductions in staffing. MAAMC reports that the museum has been able to bring back some but not all furloughed staff. Overall, revenues exceeded expenditures by nearly \$653,000 in fiscal 2021 compared to a budget shortfall of more than \$666,000 in fiscal 2020. Expenditures on salaries and wages are estimated to increase in fiscal 2022, as the museum hopes to fill long-term vacancies.

Key Observations

1. Museum Attendance Dropped Further as Pandemic Continued

As shown in **Exhibit 2**, attendance at the Reginald F. Lewis Museum of Maryland African American History and Culture decreased significantly in fiscal 2020 to 30,113 visitors due to the pandemic-related closure of the museum in the fourth quarter, and attendance further decreased in fiscal 2021 to 16,755. After closing in mid-March 2020, the museum reopened to visitors in September 2020 but remained at limited capacity until the end of May 2021. Throughout the pandemic, the museum has transitioned to offer more virtual options to engage with visitors, including making most programs available in a hybrid format and conducting virtual school tours for over 3,000 students. The museum also plans to continue to offer digital versions for all future exhibits. The fiscal 2021 figure includes both virtual and in-person attendance, with virtual attendance accounting for a little more than half of the total. It is unclear whether prior years' data also include virtual attendance, as the museum does not report clear and consistent performance measures in its annual reports. In fiscal 2022, museum attendance has begun to increase but remains below prepandemic levels.

Exhibit 2
Visitor Attendance
Fiscal 2014-2021



Source: Maryland African American Museum Corporation Annual Reports, 2014-2021

Section 9-2606 of the State Government Article requires MAAMC to develop a strategic plan every five years in addition to reporting annual statistics on the various types of visitors served by the museum. The most recent strategic plan was submitted in 2016, and an updated strategic plan is forthcoming. **MAAMC should brief the budget committees on the status of the strategic plan in development.**

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- ***Museum Renovations:*** The fiscal 2023 capital budget includes \$4.5 million in general obligation bonds for renovations at the Reginald F. Lewis Museum of Maryland African American History and Culture.

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	September 6, 2016 – March 31, 2021
Issue Date:	November 2021
Number of Findings:	2
Number of Repeat Findings:	2
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 1: MAAMC did not always comply with its written procurement policy regarding obtaining written proposals and obtaining management approvals.

Finding 2: Adequate accountability and controls were not established over MAAMC’s museum collections of art and historical artifacts.

*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 2
Object/Fund Difference Report
Maryland African American Museum Corporation**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
Objects					
12 Grants, Subsidies, and Contributions	\$ 1,959,000	\$ 1,959,000	\$ 2,000,000	\$ 41,000	2.1%
Total Objects	\$ 1,959,000	\$ 1,959,000	\$ 2,000,000	\$ 41,000	2.1%
Funds					
01 General Fund	\$ 1,959,000	\$ 1,959,000	\$ 2,000,000	\$ 41,000	2.1%
Total Funds	\$ 1,959,000	\$ 1,959,000	\$ 2,000,000	\$ 41,000	2.1%